

Acquisition Advisory Panel

Initial Working Group Issues

February 28, 2005

Performance-based Contracting

1. The “Seven Steps” emphasize the significance of the Performance Work Statement (“PWS”). A PWS is described as requiring “measurable performance standards.” Is it possible for agencies to establish definitive requirements in specific and measurable terms at the beginning of the contracting process?

-- Is upfront identification of the bases upon which measurement of performance will occur essential to Government use of performance-based contracting?

-- Does the use of “statements of objectives” to which the contractors then develop and bid on their own statements of work result in quantifiable benefits that are consistent with the philosophy of performance-based service acquisition (“PBSA”)?

2. How should “best value” be determined for PBSA – how will differing approaches be compared in selecting a contractor?

3. To what extent are contracts considered to be PBSA also fixed-price?

4. Once the contract has been awarded, what metrics are agencies using to assess the benefits of PBSA, e.g., lower prices, improved contractor performance?

-- How are those benefits being documented?

5. How is “past performance” determined for PBSA contracts when the SOW, performance metrics, and quality assurance plan have largely been developed by the contractor?

-- Will past performance in the end simply reflect whether the agency was satisfied with the overall outcome?

6. With respect to data – is it possible to track the extent to which PBSA contracts overrun their originally negotiated prices?

7. What tools can contractors use to manage PBSA contracts if Government officials treat these arrangements like cost-reimbursement contracts and intrude into the contractor’s performance?

8. Potential Issues for presentation by commercial entities at the March and April Panel meetings:

- Do commercial entities using performance-based contracts require measurable performance standards at the outset of contracting?

- What post-award techniques do commercial entities use to measure success of performance-based contracts?
- What remedies do commercial entities use if performance does not meet expectations?